

WATER/TAC/LTR:jrb

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION**

**RESOLUTION NO. W-4402**

**June 5, 2003**

**R E S O L U T I O N**

**(RES. W-4402), SAN JOSE WATER COMPANY (SJWC). ORDER DENYING RECOVERY OF UNDERCOLLECTIONS IN CATASTROPHIC EVENT MEMORANDUM ACCOUNT, WATER QUALITY MEMORANDUM ACCOUNT, PURCHASED POWER, PURCHASED WATER, AND PUMP TAX BALANCING ACCOUNTS (PRODUCING ADDITIONAL ANNUAL REVENUES OF \$381,819 OR 0.3%).**

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**SUMMARY**

By Advice Letter No. 339, filed on January 13, 2003, SJWC seeks recovery of net undercollection as of November 29, 2001 in its Catastrophic Event Memorandum Account, Water Quality Memorandum Account, and its Purchased Power, Purchased Water, and Pump Tax balancing accounts, producing additional combined annual revenue of \$381,819, or 0.3%. SJWC seeks revision to its tariffs Schedule No.1, General Metered Service, Schedule No. 1B, General Metered Service With Automatic Fire Sprinkler System, and Schedule No. 6, Resale Service, by assessing a surcharge of \$0.0063 per 100 cu.ft. per customer for 12 months to recover the undercollection.

This resolution denies SJWC's request and directs that the recovery of the undercollection be incorporated in SJWC's next General Rate Case.

**BACKGROUND**

SJWC serves approximately 214,890 metered-rate customers in portions of the City of San Jose, Cupertino, Santa Clara, Los Gatos, Monte Sereno, and Saratoga and in contiguous areas in the County of Santa Clara. The present rates of SJWC

became effective on March 4, 2003, in conjunction with Advice Letter No. 336, which authorized an increase in annual revenue of \$580,746, or 0.46%, pursuant to Resolution W-4374.

SJWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase annual revenue to recover undercollections in its Catastrophic Event Memorandum Account, Water Quality Memorandum Account, and its Purchased Power, Purchased Water, and Pump Tax balancing accounts.

Advice Letter No. 339 does not meet the requirements of Ordering Paragraph 2 of Commission Decision (D.) 02-12-055, dated December 17, 2002. This ordering paragraph is discussed in the Discussion section of this resolution.

## **DISCUSSION**

Advice Letter No. 339 was filed in compliance with Ordering Paragraph 2 of D.02-12-055, which states:

“Utilities requesting recovery of existing balancing accounts prior to November 29, 2001 shall file, within 90 days from the effective date of this decision, advice letters requesting recovery pursuant to the existing balancing account procedures.”

The existing procedure for recovery of balancing accounts is as follows:

(1) Utilities, at their option, may request a surcharge once undercollections reach 2%; (2) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utility’s next General Rate Case. The recovery requested in Advice Letter No. 339 is for recovery of undercollection balances that are less than 1% and therefore this request does not satisfy the threshold requirement of 2%. The recovery sought in Advice Letter No. 339 should be denied in this resolution and SJWC should request recovery in the next General Rate Case.

## **NOTICE AND PROTESTS**

SJWC has given public notice of the request for an increase by publishing in a local newspaper, the San Jose Mercury News, on January 18, 2003.

Proof of Publication has been provided to staff. No protest letters have been received.

## **FINDINGS**

1. SJWC filed Advice Letter No. 339 in compliance with Ordering Paragraph 2 of D.02-12-055, which states:

Utilities requesting recovery of existing balancing accounts prior to November 29, 2001 shall file, within 90 days from the effective date of this Decision, advice letters requesting recovery pursuant to the existing balancing account procedures.

2. Existing procedure for recovery of balancing accounts is as follows:  
(1) Utilities, at their option, may request a surcharge once undercollections reach 2%; (2) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utilities next general rate case.
3. The recovery requested in Advice Letter No. 339 is less than 2%, therefore, the request should be denied and incorporated in the next General Rate Case.

## **THEREFORE IT IS ORDERED THAT:**

1. San Jose Water Company's request to revise rates as requested in Advice Letter No. 339 is denied.
2. San Jose Water Company is authorized to incorporate the request of Advice Letter No. 339 into its next General Rate Case Application. San Jose Water Company is directed to keep maintaining its balancing accounts as required by Public Utilities Code Section 792.5.

3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 5, 2003; the following Commissioners voting favorably thereon:

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WILLIAM AHERN  
Executive Director

MICHAEL R. PEEVEY  
President  
CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners